

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SS-15 SP-02 IO-11 AID-05 STR-04 EB-07

COME-00 FRB-03 TRSE-00 OMB-01 XMB-02 CIAE-00 INR-07

NSAE-00 PA-01 USIA-06 PRS-01 H-02 NSC-05 INT-05 /088 W

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R 092035Z MAR 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9228

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EO 11652: N/A

TAGS/ EAID, EALR, EFIN, PE

SUBJECT: IDB PRESIDENT ORTIZ MENA'S VISIT TO PERU

1. DURING HIS THREE-DAY VISIT TO PERU, WHICH ENDED MARCH 3, INTER-AMERICAN DEVELOPMENT BANK PRESIDENT ORTIZ MENA ANNOUNCED THAT THE IDB WOULD LEND THE GOP AT LEAST \$135 MILLION DURING 1976, AND AN EVEN GREATER QUANTITY DURING 1977.

2. HE SAID THE IDB HAS APPROVED LOANS OF \$37.6 MILLION FOR CONSTRUCTION OF THE 190 KM. OLMOS-CORRAL QUEMADO ROAD AND \$32.3 MILLION TO HELP FINANCE THE CUZCO-MACHU PICCHU ELECTRICAL SYSTEM. IN ADDITION, HE SAID, THE FOLLOWING LOANS ARE PROJECTED FOR THIS YEAR: \$33.5 MILLION TO CENTROMIN FOR EXPLOITATION OF ITS COBRIZA MINE AND FOR A WATER TREATMENT PLANT AT CERRO DE PASCO; \$12 MILLION TO COFIDE FOR "PRE-INVESTMENT" IN THE MAJES IRRIGATION AND OTHER PROJECTS; AND \$20 MILLION TO THE AGRARIAN DEVELOPMENT BANK.

3. IDB'S PRIOR LOANS TO PERU, ACCORDING TO ORTIZ MENA, TOTAL APPROXIMATELY \$420 MILLION --\$100 MILLION IN "ORDINARY CAPITAL" (AT 8 PERCENT INTEREST), WITH THE REMAINDER FROM THE IDB'S FUND FOR SPECIAL OPERATIONS (FSO) AND OTHER SOURCES (AT 2 PERCENT). LOOKING TO THE FUTURE, HE SAID THE IDB IS DISPOSED TO PROVIDE TECHNICAL ASSIS-

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TANCE TO HELP PERU DEVELOP ITS BAYOVAR PETROCHEMICAL

COMPLEX AND TO STUDY THE POSSIBILITY OF FURNISHING AID
TO THE SOCIAL PROPERTY SECTOR.

4. THROUGHOUT HIS STAY, ORTIX MENA WAS ACCORDED BROAD,
UP-BEAT COVERAGE BY PERU'S SECTORIZED PRESS. TYPICAL
WAS THE GOVERNMENT-OWNED LA CRONICA, WHICH HAILED HIS
VISIT (AND PROMISED LOANS) AS DEMONSTRATING "THE CON-
FIDENCE THAT INTERNATIONAL ECONOMIC ORGANIZATIONS HAVE
IN THE PERUVIAN REVOLUTION AND ITS PLANS FOR INTEGRAL
DEVELOPMENT." HE WAS TREATED WITH EQUAL DEFERENCE BY
GOP OFFICIALS, INCLUDING PRESIDENT MORALES BERMUDEZ
(WHO INVITED HIM TO LUNCH), PRIME MINISTER FERNANDEZ
MALDONADO, FINMIN BARUA AND FONMIN DE LA FLOR.

5. COMMENT: A COFIDE OFFICIAL HAS INFORMED US THAT,
DESPITE ORTIZ MENA'S COMMENTS TO THE PRESS, IDB LOANS
TO PERU THIS YEAR WILL PROBABLY NOT TOTAL MORE THAN
\$80 MILLION. HE ALSO SAID THAT THESE LOANS HAVE BEEN
IN GESTATION FOR SOME TIME AND COMMENTED THAT ORTIZ
MENA DID NOT FOCUS SHARPLY ON THE STATE OF THE PERUVIAN
ECONOMY DURING HIS VISIT.
DEAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT BANKS, PERSONNEL TRAVEL, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LIMA02279
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760089-1022
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760381/aaaactas.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 21 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 JUL 2004 by ShawDG>; APPROVED <21 OCT 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IDB PRESIDENT ORTIZ MENA'S VISIT TO PERU
TAGS: EAID, EALR, EFIN, OTRA, PE, (ORTIZ MENA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006